

**DRAFT VERSION – MINUTES OF THE INVESTMENT ADVISORY COUNCIL MEETING
WEDNESDAY, SEPTEMBER 9, 2015– SUBJECT TO REVIEW AND APPROVAL
FINAL VERSION OF THESE MINUTES WILL BE POSTED AFTER APPROVAL OF THE INVESTMENT
ADVISORY COUNCIL AT THE NEXT MONTHLY MEETING, WHICH WILL BE HELD ON
WEDNESDAY, OCTOBER 14, 2015**

MEETING NO. 426

Members present:

Janice (Jan) Carpenter
Thomas Fiore, representing Benjamin Barnes*
Joshua Hall
David (Duke) Himmelreich
Steven Muench
William Murray
Denise L. Nappier, Treasurer
Carol Thomas, Interim Chair
Peter Thor**

Absent:

Laurence Hale

Others present:

Richard Gray, Deputy Treasurer
Deborah Spalding, Chief Investment Officer
David Barrett, Director of Communications
Joanne Dombrosky, Principal Investment Officer
Linda Hershman, Chief of Staff
Wayne Hypolite, Executive Assistant
Catherine E. LaMarr, General Counsel
Christina McGinnis, Executive Secretary
Christine Shaw, Chief Compliance Officer
Linda Tudan, Executive Assistant
Lawrence Wilson, Assistant Treasurer

Guests:

Bradley Atkins, Franklin Park
Gustave Christakos, Deutsche Bank
Amy Dunn, Deutsche Bank
Will Greene, Loop Capital Markets
Eduardo Gonzalez, Edgon Financial LLC
Mark Johnson, Cliffwater, LLC
Robin Kaplan-Cho, Connecticut Education Association
Robert Kochis, The Townsend Group
Kevin Meehan, Goldman Sachs Asset Management
Justin Rico Oyola, SEIU
Claire Shaugnessy, AonHewitt Investment Consulting
Diane Smola, AonHewitt Investment Consulting

*Arrival 9:06a.m.

**Arrival 9:21a.m.

With a quorum present, Interim Chair Carol Thomas called the Investment Advisory Council (“IAC”) meeting to order at 9:04 a.m.

Approval of Minutes of the July 8, 2015 IAC Meeting

Chair Thomas called for a motion to approve the minutes of the July 8, 2015 IAC meeting.

William Murray moved to approve the minutes of the July 8, 2015 IAC meeting as drafted.

The motion was seconded by Jan Carpenter. There was one abstention, Joshua Hall.

There being no further discussion, the Chair called for the vote. The motion passed unanimously.

Comments by the Treasurer

Treasurer Denise L. Nappier began her opening remarks by welcoming everyone back after the August break from IAC business.

Treasurer Nappier then announced that after having considered feedback from the IAC and the due diligence process conducted by the investment staff and the Private Investment Fund (“PIF”) consultant, Franklin Park Associates (“Franklin Park”), she had decided to proceed with a commitment of up to \$75 million to Clearlake Capital Partners IV, L.P., a distressed debt private investment opportunity for the PIF. She added that the commitment was contingent upon successful negotiation of the partnership documents.

Next, Treasurer Nappier discussed the investment performance as of June 30, 2015 for the State Employees’ Retirement Fund and the Teachers’ Retirement Fund.

Finally, Treasurer Nappier discussed the agenda, and stated that an investment opportunity would be presented for the IAC’s consideration; Crow Holdings Realty Partners VII, L.P., a value-add real estate investment opportunity.

Update on the Market, the Connecticut Retirement Plans and Trust Funds Final Performance for Months Ended June 30, 2015 and July 31, 2015

Deborah Spalding, Chief Investment Officer (“CIO”), provided an update on the capital market environment, its impact on the Connecticut Retirement Plans and Trust Funds (“CRPTF”) performance and the economic outlook. Ms. Spalding then reported on the investment performance for the months ended June 30, 2015 and July 31, 2015. She then remarked on the Watch List and gave a brief overview on the Connecticut Horizon Fund (“CHF”).

Next, Claire Shaughnessy, Partner, and Diane Smola, Senior Consultant, of AonHewitt Investment Consulting, reported on the Combined Investment Funds for the quarter ended June 30, 2015 and the CHF for the quarter ended June 30, 2015.

Presentation by and Consideration of Crow Holdings Realty Partners VII, L.P.

Ms. Spalding provided opening remarks and introduced Crow Holdings Realty Partners VII, L.P. (“Crow VII”), a Real Estate Fund (“REF”) investment opportunity. She introduced the REF consultant to the CRPTF, Robert Kochis, Principal of The Townsend Group. Crow VII, represented by Robert McClain, Head of Investment Strategies, Cynthia Silverthorn, Portfolio Manager, Operations and Dan Feeney, Head of Retail Investment Strategy, made a presentation to the IAC.

Roll Call of Reactions to Crow Holdings Realty Partners VII, L.P.

Thomas Fiore, David Himmelreich, Steve Muench, Peter Thor, Mr. Murray, Ms. Carpenter, Mr. Hall, and Chair Thomas provided feedback to the Treasurer.

Chair Thomas called for a motion to waive the 45-day comment period. **A motion was made by Mr. Thor, seconded by Mr. Murray, to waive the 45-day comment period for Crow**

Holdings Realty Partners VII, L.P. There being no discussion, the Chair put the question to a vote and the motion was passed.

Real Estate Fund Review as of March 31, 2015

Ms. Spalding reported on the performance of the REF for the quarter ended March 31, 2015. She was joined by Mr. Kochis, who assisted in presenting the quarterly report.

Alternative Investment Fund Review as of June 30, 2015

Ms. Spalding reported on the Alternative Investment Fund (“AIF”) for the quarter ended June 30, 2015. She introduced the AIF consultant to the CRPTF, Mark Johnson, Senior Managing Director of Cliffwater LLC, who assisted in presenting the quarterly report.

Private Investment Fund Review as of March 31, 2015

Ms. Spalding reported on the PIF for the quarter ending March 31, 2015. She introduced the PIF consultant to the CRPTF, Bradley Atkins, Chief Executive Officer of Franklin Park, who assisted in presenting the quarterly report.

Short-Term Investment Fund Review as of June 30, 2015

Lawrence Wilson, Assistant Treasurer, reported on the Short-Term Investment Fund performance for the quarter ending June 30, 2015.

Securities Lending Review as of June 30, 2015

Amy Dunn, Director and Gustave Christakos, Assistant Vice President of Deutsche Bank, provided a review of Securities Lending activity for the quarter ended June 30, 2015 and fiscal year 2015.

Other Business

Chair Thomas invited the IAC members to submit agenda items for the October 14, 2015 IAC meeting.

Executive Session

A motion was made by Mr. Himmelreich, seconded by Mr. Hall that the Investment Advisory Council adjourn the Regular Session at 11:59 a.m. and enter into Executive Session to consider a personnel matter. The motion was passed unanimously. Richard Gray, Deputy Treasurer, participated in the Executive Session.

Regular Session

Chair Thomas reconvened the regular session at 12:34 p.m. She noted that no votes were taken during the executive session.

Consideration to Retain Consultant Gary Hudepohl & Associates

Treasurer Nappier presented her recommendation to retain Gary Hudepohl (“Hudepohl”) to assist in acquiring a candidate for the Deputy CIO position and to extent Hudepohl’s current contract. She asked that the IAC consider approving her recommendation.

Chair Thomas asked for a motion to approve the recommendation to retain Hudepohl to assist in acquiring a candidate for the Deputy CIO position and to extend Hudepohl’s current contract.

A motion was made by Mr. Thor, seconded by Mr. Himmelreich, to approve the retention of Gary Hudepohl to assist in acquiring a candidate for the Deputy Chief Investment Officer position and to extent Hudepohl’s current contract. The motion was passed unanimously.

There being no further business, Chair Thomas called for a motion to adjourn the meeting. **Mr.**

Himmelreich moved to adjourn the meeting and the motion was seconded by Mr. Hall.

There being no discussion, the meeting was adjourned at 12:37 p.m.

This meeting was electronically recorded.

DRAFT